



**Meeting Summary**  
**October 3, 2011**  
**House Room 3, State Capitol, Richmond, VA**  
**2:00 p.m. – 5:00 p.m.**

**Meeting Overview:** The meeting was designed to (1) provide an update on the recent and future evolution of Virginia Performs, (2) review progress on key performance management initiatives, (3) assess the impact and future direction of the Productivity Investment Fund (PIF) and, (4) begin a discussion on strengthening economic growth in the Commonwealth.

### Welcome and Opening Remarks

- Governor Robert F. McDonnell welcomed members and guests. He introduced the newest members of the Council: his Chief of Staff, Martin Kent, and Ed Gillespie, Principal and Founder of Ed Gillespie Strategies.
- The Governor emphasized that an important mission of the Council is its focus on outcomes and results, and further noted that Virginia Performs is a valuable tool for evaluating our progress as a state. He recognized that Virginia has much to be proud of but noted that in today's challenging global economy Virginia cannot take future progress for granted, making performance assessment all the more important.

### Overview of the Agenda

- The meeting included:
  - An update on Virginia Performs and key performance management initiatives currently under way in the state.
  - An update on the Productivity Investment Fund.
  - A discussion of economic growth.

### Update: Virginia Performs and Performance Management

**Agenda Item Objective:** To provide an overview of the current state and future evolution of Virginia Performs, the Commonwealth's performance leadership and accountability system, and key related performance management initiatives.

#### *Virginia Performs*

- Virginia Performs is designed to answer three questions: How is Virginia doing? Are we getting results on our highest priorities? Are we improving government services and operations?
  - The Virginia Performs Scorecard is designed to illustrate how Virginia is doing on key societal measures. The Scorecard continues to evolve; data is updated regularly and new measures of performance are added from time to time to enhance assessment.
  - The Council has been working with the administration to develop enterprise strategic priorities that include measures and outcomes on Virginia's highest priorities.
- Relationships among indicators matter for creating change. For example, there is a strong correlation between educational attainment and per capita income, which implies that the drivers of each of these key outcomes are closely intertwined. In addition, differences exist among Virginia's regions, and strategies and policies need to be reflect these sometimes significant differences.

Finally, complex intergovernmental funding flows and service delivery relationships pose challenges.

### *Performance Management*

- **Enterprise Strategic Priorities:** The initial focus of Virginia Performs was to capture information on key outcomes and establish performance leadership and accountability at the agency level. Enterprise priorities are the next step in strengthening performance and accountability throughout state government and will enhance agency strategic planning and the link between agency objectives and the Commonwealth's highest priorities.
- **Performance Budgeting System:** The new system has replaced older systems used for the budgeting process. The new, fully integrated platform has improved efficiency, provided better analytic capabilities, and strengthened transparency.
- **Productivity Investment Fund (PIF):** It was designed to promote cultural change within state agencies. Agencies can apply for funding to develop innovative solutions, process efficiencies, and improve customer service.

### *Questions and Comments*

- A question arose about the drivers of educational attainment in the Southwest and Southside regions. Several issues appear to come into play. For instance, young people with higher education credentials may need to leave the region because of a lack of good-paying jobs. In addition, the cost of a four-year education can be challenging for the students in regions with lower income levels.
- A chart showing the correlation between inflation-adjusted income and educational attainment by region might be enhanced if the data on regional incomes could also be adjusted for differences in the cost of living in various regions - including urban and rural - around the state.

## **Assessment and Agency Evaluation of the Productivity Investment Fund**

*Agenda Item Objective:* To provide an overview of the Productivity Investment Fund (PIF), agency feedback on three projects that received awards from this fund, and a foundation for shaping the future direction of the fund.

### *Beyond Textbooks*

- The Beyond Textbooks pilot project was implemented in four localities to examine the technical, social, and policy implications of replacing print textbooks with electronic versions for K-12 classroom instruction.
- Although the project was a qualitative case study limited in scope, the Virginia Department of Education (VDOE) found that digital learning increased student engagement, provided more opportunities for self-directed learning with embedded assessments in the digital products, and delivered higher quality learning materials for students. Evidence from this project suggests that the approach is worth continued exploration.

### *VA-STAR*

- The initial program started at Forest Park High School in Prince William County about 10 years ago and has now been duplicated in a number of schools across Virginia through the Virginia Student Training and Refurbishment (VA-STAR) program.
- Student participants learn valuable IT skills by refurbishing donated computers and are prepared for industry certifications like CISCO in high school. Refurbished computers are then donated to families and schools.
- The program has saved \$255,000 in the first year of its PIF award and about \$90,000 of those savings has been directly related to Virginia's schools.

### *VideODU*

- The VideODU project is a part of a larger effort between Old Dominion University (ODU) and Virginia's Community Colleges to offer distance learning courses.
- The PIF award helped ODU fully implement online video streaming for course delivery.
- Online video streaming allows course content to be delivered flexibly to students, expands access, reduces costs to students and the University, and improves space utilization at community colleges. The PIF loan has been repaid, and the savings are about \$2 million per year.

### *Questions and Comments*

- It is important that the Commonwealth take advantage of opportunities to expand the impacts of these and all PIF projects across the government enterprise.
- Investments in distance learning will hopefully lead to lower per-credit-hour course costs for students.
- The PIF is an underutilized resource for state agencies.

## **Outcome: Economic Growth**

*Agenda Item Objective:* To provide the national and state perspectives on economic growth from leading experts and begin a longer exploration into the drivers behind per capita income.

### *Opening Remarks*

- The Council will undertake a situation analysis and assess the state's opportunities to accelerate its pace of growth. The Council's focus will complement the administration's strong commitment to job growth by assessing the key drivers of long-term economic growth.
- In Virginia, statewide averages can mask significant regional differences, and the state struggles with certain innovation and R&D outputs.

### *National Perspective on Economic Growth: Applying the New Learnings to Virginia*

- Overall economic prosperity in a state depends on how well a state competes in the industries already present within the state's economic portfolio.
- State productivity can be explained by the quality of its overall business environment and the strength of its industry clusters.
- Creating a framework for driving long-term economic growth requires a combination of four elements: analysis, strategy, leadership, and organization and tools.
  - Analysis allows decision-makers to arrive at fact-based decisions that reflect the opportunities and barriers within a region.
  - Strategy defines what is important to a region or state and allows officials to sequence critical priorities.
  - Leadership promotes joint action among individuals for change.
  - Organization and tools should offer a platform for government and private industry to align their expectations.
- Cluster initiatives provide a framework for assessment and possibly for organizing public investments and policies.

### *State Perspective of Economic Growth*

- The education and skill sets that drive clusters lead to productivity and wage growth.

- Industries are always changing. Both textiles and apparel industries have declined dramatically in Virginia. Textiles declined less dramatically than apparel mostly due to the fact textile workers have a higher skill set. Professional (business) services is Virginia's largest industry cluster.
- Disparities exist among the industry clusters located across Virginia's regions, with a high growth forecast for Northern Virginia and its strong clusters, while little growth is expected in the Southwest region.

#### *Questions and Comments*

- It will be important to review examples of regions, states, and nations that are successfully using cluster approaches.

### **Next Steps and Closing Remarks**

- The Council will continue to brief legislators on Virginia Performs and the Scorecard.
- The Council will continue the discussion on economic growth at its next meeting and review key performance improvement initiatives for the upcoming biennium.
- The Governor thanked the Council for their attendance.

### **Meeting Attendees**

- Council Members: Governor Robert F. McDonnell, Chair; John O. "Dubby" Wynne, Vice Chair; Secretary of Finance Richard D. Brown; W. Heywood Fralin; Speaker William J. Howell; Delegate M. Kirkland Cox; Senator Yvonne B. Miller; The Honorable Michael J. Schewel; Ed Gillespie; The Honorable Martin Kent; and Jane N. Kusiak, Executive Director.
- Panelists: John Ringer, Department of Planning and Budget; Dr. Tammy McGraw, Virginia Department of Education; Chuck Drake, Prince William County Public Schools; Sharon Henry, SPARK Education Foundation; Andrew Casiello, Old Dominion University; Dr. Christian Ketels, Harvard Business School; and Dr. Christine Chmura, Chmura Economics and Analytics.